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## **Peru**

### **Food Service - Hotel Restaurant Institutional**

#### **Peru, a Gastronomic Powerhouse**

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**Report Highlights:**

Peru is a major food tourism destination. The country in 2014 was awarded for the second year in a row the distinction of being named by the World Travel Awards as the best gastronomic destination in the world. Rapid fast food outlet growth has been driven by economic and political stability along with commercial mall expansion. Food service sales in calendar year (CY) 2014 are estimated at \$8.7 billion, up 7 percent compared to 2013. Restaurant sales of \$3.8 billion account for 44 percent of total food service sales, with fast food outlets accounting for \$3.3 billion or 38 percent of sales. Best prospects for U.S.-origin food products reside in supplying high-end hotels and similar restaurants. Full-service and fast food restaurants will continue to grow rapidly in the short- to medium-term.

## SECTION I. MARKET SUMMARY

Peruvian gastronomy is contributing to the country's development at a time when national economic growth is slowing. Gross domestic product (GDP) growth has slowed to 2.8 percent during the first eight months of 2014, compared to average annual growth of 6.6 percent in 2010-13. The Peruvian Gastronomy Association (APEGA) informs that some 6 million people out of a population of 30.1 million (Central Intelligence Agency, July 2014 estimate) are employed in the country's hotel, restaurant, and institutional (HRI) sector. The country in 2014 was awarded for the second year in a row the distinction of being named by the World Travel Awards as the best gastronomic destination in the world.

Food service sales reached \$8.1 billion in calendar year (CY) 2013, the latest full year data. We estimate that food service sales will reach \$8.7 billion in CY 2014, up over 7 percent or some \$600 million compared to 2013. FAS Lima sources comment that in 2014 restaurant sales of \$3.8 billion account for 44 percent of total food service sales, with fast food outlets accounting for \$3.3 billion or 38 percent of sales. Coffee shops, bars, and other independent outlets account for about 18 percent of total food service sales or about \$1.8 billion. The sector is anticipated to grow by close to 7 percent through 2018.

FAS Lima believes that the best prospects for U.S.-origin food and agricultural products reside in supplying high-end hotels and restaurants. Casual dining and family-style restaurants, along with coffee shops and fast food chains (which averaged eight percent growth over the past five years) also afford good possibilities.

Tourism is a strong HRI sector driver. The government is actively promoting Peru as a cultural destination. The country's renowned gastronomy has the potential to diversify an economy heavily reliant on the extractive mining (i.e., copper) industry. The tourism sector is a source of foreign exchange, as well as a major service sector employer. Peru attracted some 3.1 million foreign visitors in 2013, generating nearly \$4 billion in revenues (up 28 percent compared to 2012). The sector counts with over 2,400 hotels with 107,000 beds.

PROINVERSION, Peru's investment promotion agency, after years of delay, awarded in 2014 the concession for the Chincheros International Airport – Cuzco. An estimated 6 million visitors will utilize the airport once it is operational. Food purchases and dining out account already for 18 percent of foreign visitors' expenditure while in Cuzco. Today some 100,000 tourists visit Cuzco monthly. According to APEGA, visitors to Cuzco spend around \$1,100 per day on food, lodging, and transportation.

High-value U.S. consumer-oriented products (e.g., wines, beef and pork) are increasingly being served in Peru's more sophisticated restaurants and hotels. Demand for U.S. food products and ingredients has benefitted from [the U.S.-Peru Trade Promotion Agreement \(PTPA\)](#), which by year six has doubled U.S. exports (reaching \$1 billion in 2014), and the proliferation of new supermarkets and restaurants.

The popularity of shopping centers is contributing to Peruvian food service sector growth. Fast food and casual dining restaurants are leveraging the popularity of shopping centers to open new outlets in Lima and the provinces. FAS Lima estimates that almost 25 percent of all food service sales currently occur within shopping centers, catering largely to younger, time-starved consumers.

According to the Ministry of Foreign Trade and Tourism (MINCETUR), Peru has about 200,000 full service restaurants, with around 66,000 in Lima alone.

Advantages	Challenges
<ul style="list-style-type: none"> <li>- Recognition of U.S. food quality and an appreciation for U.S. culture.</li> <li>- Food service products benefit from the PTPA with low or no tariffs.</li> <li>- Fast food chains are expanding the number of locales in Lima and its suburbs, as well as in major cities such as Arequipa, Trujillo, Chiclayo, and Piura.</li> <li>- Peru is actively promoting tourism.</li> <li>- With culinary tastes increasingly sophisticated, demand for high-quality food products is growing.</li> <li>- Strong foreign franchise investment interest in Peru's HRI sector.</li> </ul>	<ul style="list-style-type: none"> <li>- Less favorable economic conditions continue to weigh on domestic economic activity, leading to a considerable short-term slowdown in growth.</li> <li>- Peruvians prefer meals made using fresh products.</li> <li>- The limited number of five-star hotels hinders U.S. product market penetration.</li> <li>- U.S. exporters need to tailor products and ingredients to local tastes and expectations.</li> <li>- Limited infrastructure coupled with low quality service, discourages tourists from staying longer or repeat visits.</li> <li>- Peru is opening its market to rival foreign food service product providers.</li> </ul>

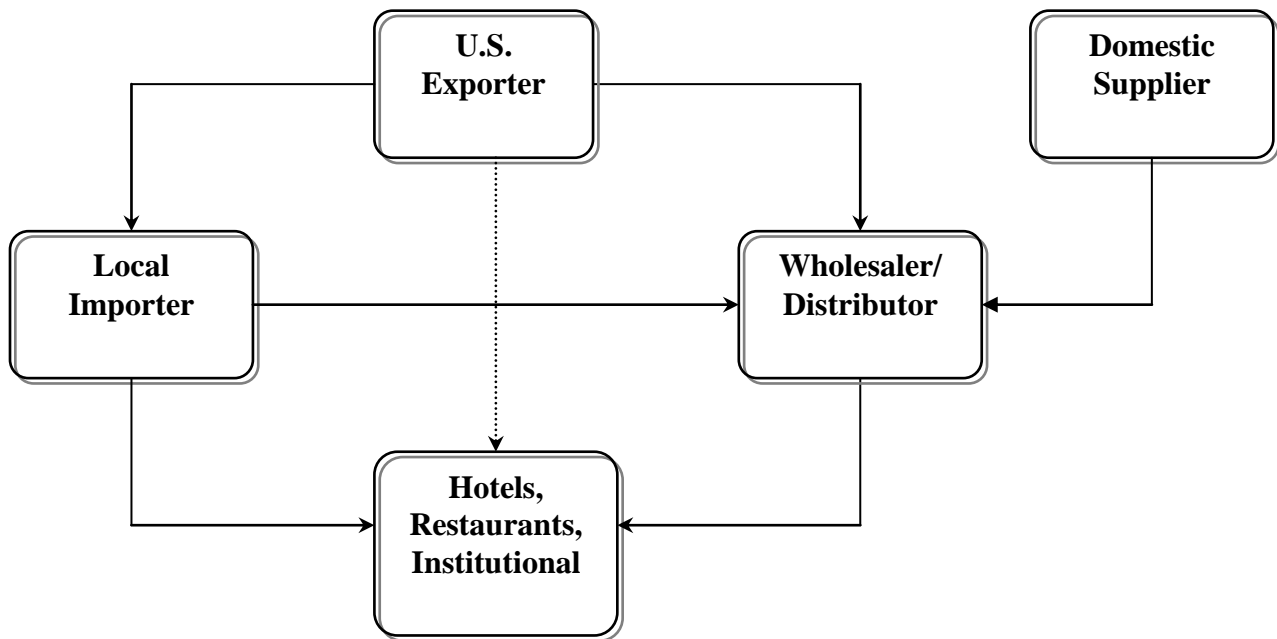
## SECTION II. ROAD MAP FOR MARKET ENTRY

### Entry Strategy

- U.S. exporters can gain access to the Peruvian food service market through large importers, wholesalers/distributors or specialized importers. Most food service companies buy imported goods from local intermediaries.
- Personal visits are highly recommended. The local import partner should be well known by the U.S. exporter before signing any final contractual agreements. Exporters are encouraged to maintain close contact with local import partners.
- Exporters should provide support to food service customers by participating in technical seminars, product demonstrations, and local trade shows whenever possible.
- The import partner should be able to provide updated information on consumer trends, market developments, trade, and business practices.

There is growing demand for imported food products and ingredients. Food product imports have grown from \$3.2 billion in 2008 to \$4.4 billion in 2013. The growth is due to population growth, increased tourism and overall economic growth. U.S. food and agricultural products' strongest competitive advantage resides in U.S. products' well-established reputation for quality, consistency, and practical use application.

## Market Structure



- Food service institutions primarily source domestic food ingredients; Peruvians prefer locally produced, more affordably priced fresh food products.
- Food service importers supply the retail market; which accounts for 70 percent of their profits.
- Almost 95 percent of food service businesses purchase through intermediaries.
- International franchises (e.g., KFC, Pizza Hut, Burger King, McDonalds), along with the local Bembos chain, import some of their food ingredients directly.
- Local and imported products are distributed directly to food service outlets or alternatively through a sub-distributors, a practice common in the country's secondary cities.

## Sub-Sector Profiles

### 1. Hotels

**Table 1: Peru, Hotels by Category (2013)**

Hotel Category	Number of Outlets	Number of Rooms	Number of Beds	Outlet Location	
				Lima	Provinces
Five-stars	36	4,249	7,946	18	18
Four-stars	59	4,186	7,916	26	33
Three-stars	671	18,653	35,430	73	598
Two-stars	1,321	26,448	46,000	276	1,045
One-stars	403	6,600	11,229	54	349
<b>Total</b>	<b>2,487</b>	<b>59,601</b>	<b>107,501</b>	<b>447</b>	<b>2,040</b>

Source: Ministry of Foreign Trade and Tourism.

High-end hotels (i.e., four- and five-stars) are niche markets for U.S. food and agricultural product exporters. These hotels use higher proportions of imported food products. Foreign imports account for about 15 percent of the food served in high-end hotels. Half of Peru's high-end hotels are located in Lima. Many of these hotels are developing strategic alliances with international hotel chains or major local investor groups. Six new projects with an investment of \$50 million were developed in 2013. Local hotel chains (e.g., Casa Andina) are planning to build new hotels in secondary cities. Additional five-star hotels are planned for Lima.

While Lima remains the main market for corporate hotel chains, future projects are targeting the central parts of the country. New investments in 2015 are estimated to reach \$1.8 billion. While 40 percent of investment is earmarked for hotel construction in the central region, northern areas will see investment of around 32 percent and southern region should see investment of 28 percent.

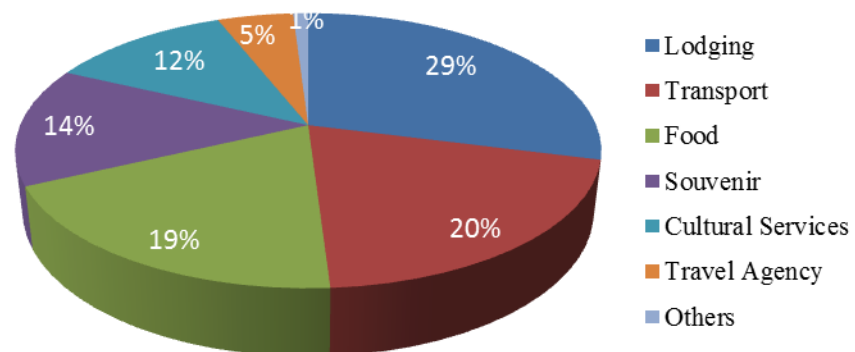
Industry sources estimate that foreign tourism grew 11 percent in 2013. Ministry of Foreign Trade and Tourism statistics highlight in 2013 that 57 percent of visitors are South Americans (1.8 million) while 19 and 16 percent respectively are from North America and Europe. Chileans (49 percent) followed by Ecuadorians (11 percent), and Venezuelans (8 percent) make up the bulk of regional visitors. The number of visitors from the United States, Spain, France, Mexico and Netherlands however continues to grow.

**Table 2: Peru, Major Hotel Sales (2013)**

Company	Total Estimated Sales (\$ Million)
Inversiones Nacionales de Turismo S.A.	47
Thunderbird Hoteles Las Américas S.A.	38
Inversiones La Rioja S.A.	31
Nessus Hotel Perú S.A. – Casa Andina	27
Orient-Express Peru S.A.	22
Costa del Sol S.A.	22
Hotelera Costa del Pacifico S.A.	19
Corporación el Golf S.A. / Los Delfines	16
Perú OEH S.A.	18
Hoteles Sheraton del Perú S.A.	14
Peru OEH Machu Picchu S.A.	12
Corporación Hotelera Metor S.A.	11
Consorcio Hotelero Las Palmeras S.A.C.	10
Sociedad de Desarrollo de Hoteles Peruanos S.A.	10
Hoteles Estelar del Perú S.A.C.	8

Source: The 10,000 Major Companies in Peru (2013).

## Foreign Tourist Expenditure



Source: Ministry of Foreign Trade and Tourism (MINCETUR).

## 2. Restaurants

Peruvian gastronomy is earning international accolades. The cuisine is highly diversified and new restaurant venues are continuously opening to meet increasingly sophisticated palates.

FAS Lima sources comment that in 2014 restaurant sales of \$3.8 billion account for 44 percent of total food service sales, with fast food outlets accounting for \$3.3 billion or 38 percent of sales. Coffee shops, bars, and other independent outlets account for about 18 percent of total food service sales or about \$1.8 billion. The sector is anticipated to grow by close to 7 percent through 2018. New shopping center openings are driving the expansion of international and fast food chains.

In 2013, the number of fast food outlets grew by 17 percent, reaching almost 40,000 establishments. Fast food chicken is Peru's favorite quick meal option; in low-income areas there is often one street-side chicken restaurant per block.

High-end restaurants, casual dining eateries, coffee shops, and fast food chains represent niche market opportunities for U.S. exporters. These establishments absorb 15 to 25 percent of all imported food products. Main imported food ingredients include sauces, meats, processed fruits and vegetables, chesses), as well as specialty products such as pork products, wines and spirits.

New franchises reportedly will be launched over the coming years. The franchisee Delosi and NGR Restaurants are expected to enter the country with additional franchises targeting largely unmet demand for healthy food, Mexican-style food, and others.

**Table 3: Peru, Restaurant Company Profiles (2014)**

<b>Company Name</b>	<b>Sales (\$Million/Year)</b>	<b>Outlet Name, Type &amp; Number of Outlets</b>	<b>Location</b>	<b>Purchasing Agent</b>
Kentucky Fried Chicken (Delosi S.A.)	\$79 million	KFC (fast food) – 100 outlets	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura	Direct Importer
Burger King Pizza Hut (Sigdelo S.A.)	\$52 million	Burger King (fast food) – 31 outlets Pizza Hut (fast food) – 72 outlets	Lima, Trujillo, Arequipa	Direct Importer
Chili's (Cindel)	\$13 million	Chili's (family/casual dining) – 20 outlets	Lima, Arequipa, Trujillo	Direct Importer
McDonalds (Operaciones Arcos Dorados de Perú S.A.)	\$35 million	McDonalds (fast food) – 54 outlets	Lima, Trujillo, Cuzco, Arequipa	Direct Importer
Bembos Burger Grill (Bembos S.A.C.)	\$40 million	Bembos Burger Grill (fast food) – 120 outlets	Lima, Arequipa, Trujillo, Juliaca, Cuzco, Chiclayo, Piura	Direct Importer
Domino's Pizza (Comercializadora de	\$5 million	Domino's Pizza (fast food)	Lima, Callao, Arequipa	Direct Importer

Alimentos Latinos S.A.C.)		– 32 outlets		
Papa Johns (Corporación Peruana de Restaurantes S.A.)	\$9 million	Papa Johns (fast food) – 26 outlets	Lima, Trujillo	Direct Importer

Note: Estimated values for 2014.

Source: The 10,000 Major Companies in Peru (2013), FAS Lima office research.

### 3. Institutional

- The institutional sector, up 8 percent in 2012, accounts for 9 percent of total food service sales.
- Large caterers are a potential market for U.S. food products; these supply the country's airports and mining companies. Caterers use mainly local products in their menus. SODEXO, Aramark, and APC Corporación S.A. are the major players in Peru.
- Mining camp vending machines and stores stock imports (e.g., snacks, canned goods, and sweets). Importers, wholesalers, distributors, and caterers are the main suppliers.

**Table 4: Peru, Major Food Service Sector Suppliers (2013)**

Company Name	Total Sales (\$ million)	Type of Company	Food Supply	Imported Food Products
Alicorp S.A.	1,315	Processor, importer, distributor	Pasta, wheat flour, margarine, food ingredients, mayonnaise, breakfast cereals, cookies, jelly, ice cream, sauces, pet food.	Wheat, wheat flour, edible oils, soy cake, sauces.
Gloria S.A.	712	Processor, importer, distributor	Dairy and pork products, juices, canned seafood.	Dairy ingredients, juices, lactose and other sugars.
Corporación José R. Lindley S.A.	472	Processor, importer.	Sodas, juices.	Canned fruit, gelatin.
Química Suiza S.A.	393	Importer, distributor	Sweeteners, fishmeal, chocolate, wine, processed fruit.	Canned food, food ingredients, sweeteners, animal feed.
Deprodeca S.A.C	389	Distributor	Dairy Products, jellies, canned food,	
Nestle Peru S.A.	377	Processor, importer, distributor	Dairy products, soups and broths, infant formula, instant coffee and chocolate, breakfast cereal, cookies, chocolates, bakery goods.	Dairy ingredients, chocolate, infant formula, food preparations, baked goods, chicory extract, sauces, soup preparations.
Axur S.A.	158	Importer, Distributor	Canned Food, Food preparations, Bakery goods, Liquors	Canned fruit, bakery
G.W.Yi Chang & Cia S.A.	114	Importer, distributor	Canned fruits, canned seafood, chocolate, wine and spirits.	Canned fruits, canned seafood, chocolate, wine and spirits.
Laive S.A.	102	Processor, importer	Dairy and pork products,	Cheese, butter and pork products.



Kraft Foods Peru S.A.	90	Processor, importer, distributor	Cookies, juices, cheeses.	Cheese, sauces, bakery and dairy ingredients, chocolates.
Unilever Andina Peru S.A.	75	Processor, importer	Sauces, soups.	Sauces, soups.
Perufarma S.A.	71	Importer, distributor	Chocolate, confectionary, wine and liquors.	Chocolate, confectionary, wine and liquors.
Delosi S.A.	50	Fast food franchise	Hamburgers, salads.	French fries, bakery goods, sauces, cheese.
Sociedad Suizo Peruana de Embutidos	44	Processor, importer	Sausages, cheese.	Pork products, poultry, edible offal, cheese
Mayorsa S.A.	40	Wholesaler, importer	Peas and lentils, popcorn, canned fruit, starch.	Peas and lentils, popcorn, canned fruit, starch.
Sigdelo S.A.	38	Fast food chain	Hamburgers, pizza	Cheese, meat preparations, sauces, French fries, condiments
Braedt S.A.	33	Processor, importer, distributor.	Pork products, cheese.	Pork products, cheese, dairy ingredients, condiments.
Arcor del Peru S.A.	30	Processor, importer, distributor	Chocolate, confectionary, bakery goods, canned fruit.	Chocolate, confectionary, canned fruit, bakery goods, and bakery ingredients.
Bembos S.A.C.	26	Fast food chain	Hamburgers	French fries, meat, cheeses
Diageo Perú S.A.	22	Importer, distributor	Liquors.	Liquors.
Drokasa Perú S.A.	17	Importer, distributor	Wine and liquors.	Wine and liquors.
Halema S.A.	15	Processor, importer	Processed meats, meats and edible offal.	Meats and edible offal.
Agro Corporación S.A.C.	15	Processor, importer	Processed meats, meats and edible offal.	Meats and edible offal.
Oregon Foods S.A.C.	15	Importer, distributor	Processed meats, meats and edible offal, fresh fruits.	Meats and edible offal, fresh fruits.
Servicios Frigoríficos S.A.	10	Processor, importer, distributor	Processed meats, meats and edible offal.	Meats and edible offal.
L.S. Andina S.A.	7	Importer, distributor	French fries preserved, chocolates, sweeteners, confectionary, olive oil, baked goods	French fries preserved, chocolates, sweeteners, confectionary, olive oil, baked goods
KMC International S.A.C.	4	Importer, distributor	Microwave popcorn, soups, baked goods	Microwave popcorn, soups, baked goods.
Destilería Peruana S.A.	6	Processor, importer	Wholesalers, retailers, food service	Liquors.
L C e Hijos S.A.	6	Importer, distributor	Wine and liquors	Wine and liquors
Industrias Molitalia S.A.	4	Processor, importer, distributor.	Chocolates, pasta, confectionary, sauces.	Wheat.

Note: Total food imports are distributed between the three food sectors: HRI, retail and food processing.  
Source: The 10,000 Major Companies in Peru (2010), SUNAT (Peru Customs), FAS Lima office research.

### SECTION III. COMPETITION

**Table 5: Peru, Trade Agreements (2014)**

<b>Country</b>	<b>Type</b>	<b>Status</b>
Andean Community of Nations (Bolivia, Colombia, Ecuador)	Free Trade Agreement	In force
MERCOSUR (Argentina, Brasil, Uruguay, Paraguay)	Economic Complementation Agreement	In force
Cuba	Economic Complementation Agreement	In force
Chile	Free Trade Agreement	In force
Mexico	Trade Integration Agreement	In force
United States	Free Trade Agreement	In force
Canada	Free Trade Agreement	In force
Singapore	Free Trade Agreement	In force
China	Free Trade Agreement	In force
South Korea	Free Trade Agreement	In force
European Free Trade Association (EFTA): Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Slovakia, Slovenia, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Leetonia, Lithuania, Luxemburg, Malta, Netherlands, Poland, Portugal, UK, Czech Republic, Romania, Sweden.	Free Trade Agreement	In force
European Union	Free Trade Agreement	In force
Thailand	Third Protocol	In force
Japan	Economic Partnership Agreement	In force
Costa Rica	Free Trade Agreement	In force
Panama	Free Trade Agreement	In force

Guatemala	Free Trade Agreement	Under Negotiation
El Salvador	Free Trade Agreement	Under Negotiation
Honduras	Free Trade Agreement	Under Negotiation

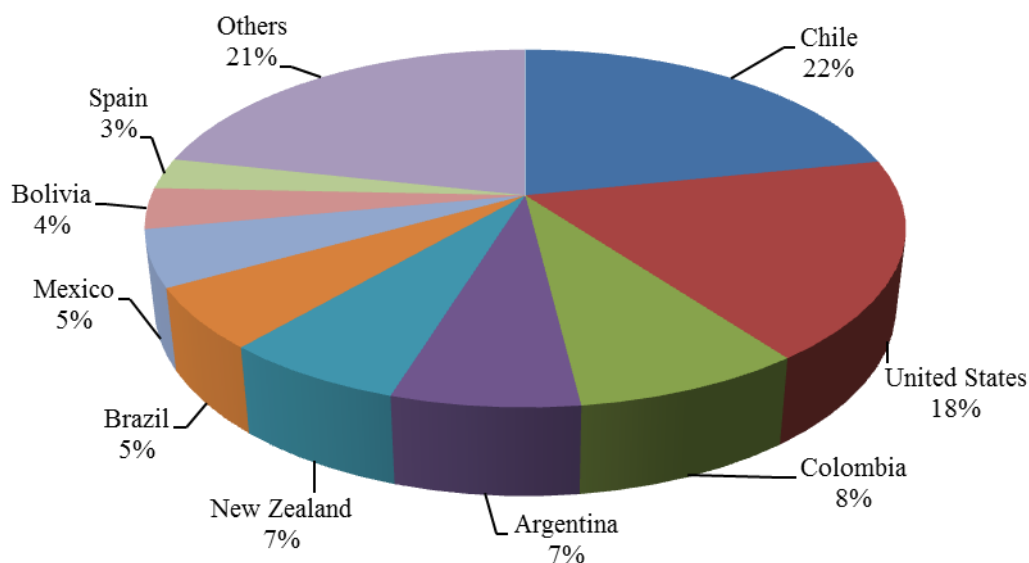
Source: FAS Lima office research.

- Peru provides preferential tariff treatment to fellow Andean Community of Nations (CAN) members Bolivia, Colombia, and Ecuador, as well as to Mexico, Paraguay, Argentina, Brazil, Uruguay, and Cuba.
- U.S. consumer-oriented food exports to Peru at \$245 million in 2014 are up 15 percent compared to 2013. Growing demand for U.S. product has cut into Chilean consumer-oriented product exports to Peru; currently Chile and the United States each enjoy a 19 percent market share.
- Competition from local food processors is strong, especially at the lower income levels. FAS Lima expects however demand for U.S. products to increase as the Peruvian market matures.
- Chile remains the United States' chief competitor within the Peruvian imported fruit market. Proximity, along with year round supply allows its fruit to sell in the market at lower prices.
- U.S. powder milk faces competition mainly from New Zealand-origin product. U.S.-origin powder milk imports of \$38 million enjoy a market share of about 55 percent compared to those of New Zealand that valued at \$25 million count with a market share of 35 percent.

The U.S.-Peru Trade Promotion Agreement has been instrumental in boosting bi-lateral trade in food and agricultural products between the United States and Peru. Five years after entering into force (February 1, 2009), trade between the two partners is at record highs. From 2009 to 2013, bilateral food and agricultural products trade jumped from \$1.4 billion to \$2.3 billion – a nearly 63 percent increase. From 2009 to 2013, U.S. exports of food and agricultural products to Peru jumped from \$530.3 million to \$851.7 million – nearly a 61 percent increase. Exports of U.S. consumer-oriented products at a record \$212 million now account for 25 percent of U.S. food exports to Peru.

- The U.S.-Peru Trade Promotion Agreement strengthens U.S.-origin food and agricultural products' competitiveness within the Peruvian market. High-end consumers are familiar with the quality of U.S. products.
- FAS Lima foresees exports of U.S.-origin consumer-oriented products to Peru becoming as important as U.S. bulk commodity exports in the next few years.

### Imports of Consumer Oriented Agricultural Products in Peru by Country 2013



Source: World Trade Atlas.

**TABLE 6: PERU, COMPETITIVE SITUATION (2013)**

Product Category/ Net Imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Dairy Products (Excl. Cheese) (\$231 million)	New Zealand: 45 percent USA: 18 percent Bolivia: 6 percent UK: 5 percent Chile: 4 percent	- New Zealand is a major supplier of dairy ingredients, especially HS 040221 and 040210 accounting almost 80 percent of total imports.	- Only two companies are major producers of evaporated milk and yogurt.
Cheese 3,782 MT (\$18.23 million)	USA: 48 percent Argentina: 19 percent Netherlands: 6 percent New Zealand: 6 percent Uruguay: 5 percent percent	- MERCOSUR members Argentina and Uruguay enjoy tariff preferences.	- Local homemade cheeses are commonly sold. Gourmet cheeses are not made locally.
Snack Foods (excl. nuts)	Colombia: 50 percent	- Tariff preferences are applied to neighboring countries.	- Local producers are major food processors. They import food

22,000 MT (\$71 million)	USA: 8 percent Brazil: 7 percent Chile: 6 percent Argentina: 6 percent		ingredients for snacks and snacks in bulk.
Processed Fruits and Vegetables 58,000 MT (\$90 million)	Chile: 55 percent USA: 10 percent Netherlands: 9 percent Argentina: 6 percent China: 4 percent	<ul style="list-style-type: none"> <li>- Chile sells at lower prices due to proximity and tariff preferences.</li> <li>- EU products are viewed higher in quality.</li> <li>- Netherlands has increased its potato preparations exports due to fast food growth.</li> </ul>	- Local processors are major exporters, but their local supply is limited.
Fresh Fruits 78,000 MT (\$65 million)	Chile: 76 percent Argentina: 11 percent USA: 10 percent	<ul style="list-style-type: none"> <li>- Chile is the main supplier because of proximity, price and duty free entrance.</li> <li>- Argentina exports pears and apples from January to October.</li> </ul>	<ul style="list-style-type: none"> <li>- There is an open window from November to February that benefits the United States</li> <li>- Local fruit sold in retail markets is of lower quality.</li> </ul>
Fruit and vegetable juices 1.9 million liters (\$6 million)	USA: 32 percent Mexico: 20 percent Brazil: 20 percent Chile: 19 percent Argentina: 4 percent	<ul style="list-style-type: none"> <li>- Chile has tariff and proximity advantages.</li> <li>- Mexico has increased its exports of lime juice</li> </ul>	- Local brands are well positioned in the market at competitive prices.
Wine and Beer 21 million liters (\$43 million)	Argentina: 35 percent Chile: 20 percent Spain: 10 percent Italy: 10 percent Brazil: 10 percent France: 4 percent USA: 3 percent	<ul style="list-style-type: none"> <li>- Proximity and recognized quality of Chilean and Argentinean wines.</li> <li>- Brazil is the major supplier of imported beer.</li> </ul>	<ul style="list-style-type: none"> <li>- Major local breweries are well positioned, price competitive, and belong to international companies (control 95 percent of the market).</li> <li>- Local wine is well positioned and price competitive, but does not satisfy demand.</li> </ul>
Red Meats (Fresh/Chilled/Frozen) 23,000 MT (\$61 million)	USA: 33 percent Brazil: 29 percent Chile: 17 percent Argentina: 11 percent Bolivia: 4	<ul style="list-style-type: none"> <li>- Neighboring countries export lower price cuts.</li> <li>- Eighty percent of Brazilian exports are offal.</li> </ul>	<ul style="list-style-type: none"> <li>- Peru's market for U.S. meats reopened in October 2006.</li> <li>- U.S. meats are of superior quality.</li> <li>- Peru imports three times more offal than meats.</li> <li>- Local meat does not satisfy the demand.</li> </ul>

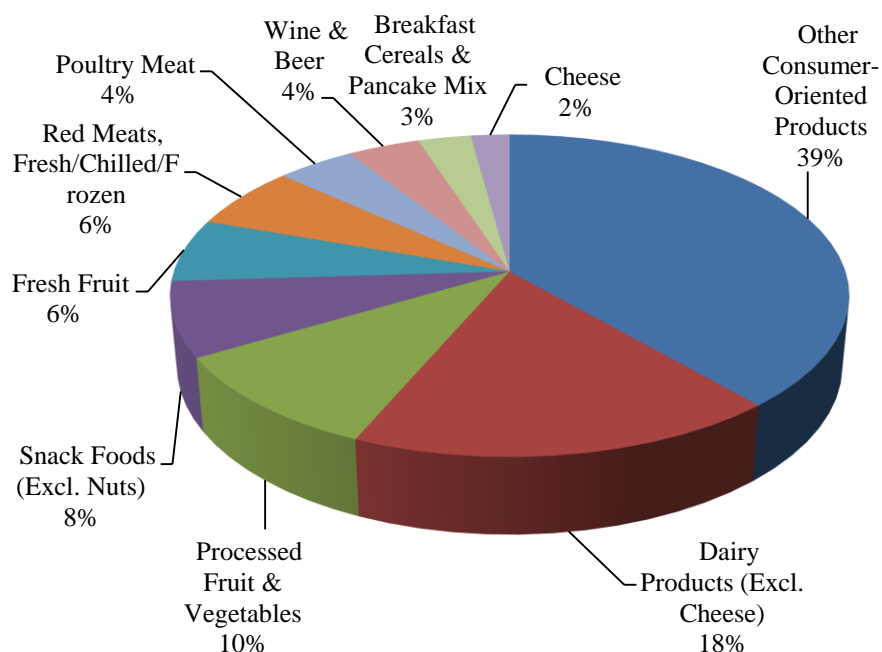
	percent		
Red Meats (prepared, preserved) 1,480 MT (\$7 million)	Bolivia: 43 percent USA: 13 percent Denmark: 11 percent Chile: 10 percent Italia: 9 percent Spain: 9 percent	<ul style="list-style-type: none"> <li>- Bolivia exports have grown 14 percent since 2011.</li> <li>- Bolivian manufacturers have customized production according to local demand.</li> </ul>	<ul style="list-style-type: none"> <li>- The pork products industry also imports prepared meats.</li> <li>- Tariff on U.S. product will continue decreasing over the next 5 to 7 years.</li> </ul>
Poultry Meat 27,000 MT (\$38 million)	Brazil: 31 percent USA: 27 percent Chile: 25 percent Argentina: 11 percent Bolivia: 6 percent	<ul style="list-style-type: none"> <li>- Brazil has diversified its supply to include offal, turkey and chicken cuts.</li> <li>- Chile is highly competitive in turkey cuts.</li> </ul>	<ul style="list-style-type: none"> <li>- Imports of U.S. poultry products reopened in October 2006.</li> <li>- TRQ for U.S. chicken leg quarters.</li> <li>- Local poultry producers are major suppliers with good distribution channels.</li> <li>- Imports are mainly chicken and turkey parts.</li> </ul>

Note: Net imports correspond to the three food sectors: Food Service, Retail and Food Processing.

Source: World Trade Atlas, FAS Lima office research.

#### SECTION IV. BEST PRODUCT PROSPECTS

### Imports of Consumer Oriented Agricultural Products in Peru by Product 2013



Source: World Trade Atlas.

### Category A: Products Present in the Market Which Have Good Sales Potential

Product/ Product Category	2013 est. Market Size	2013 Imports	2008-13 Average Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Cheese (HS 0406)	21,531 MT	3,335 MT (\$16.3 million)	23 percent	040610, 040620, and 040640: 0 percent  040630 and 040690: 0 percent	- Competitors: Argentina (18 percent) and Netherlands (9 percent). - Strong preference for EU cheese at high-end HRI and Retail Sectors.	- U.S. cheeses are used in the food processing sector, but have potential in the HRI and Retail Food Sectors. - In 2013, the United States was the main supplier with a market share of 44 percent (62 percent growth). - PTPA: 17 years linear; 2,500 MT quota with 12 percent increase per annum.
Confectionary – non chocolate (HS 1704)	N/A	15,647 MT (\$46.2 million)	16.6 percent	0 percent	- Competitors: Colombia (\$31 million) and Ecuador (\$3 million). - Strong local competition. Major owners are foreign companies.	- United States represents 2.5 percent of total imports. Total imports from the United States, however grew 57 percent in 2013.

Confectionary – chocolate (HS 1806)	N/A	4,073 MT (\$18.1 million)	22.2 percent	0 percent	<ul style="list-style-type: none"> <li>- Chile is the major supplier (23 percent of MS).</li> <li>- Local industry is competitive.</li> </ul>	<ul style="list-style-type: none"> <li>- The U.S. is the second major supplier with 19 percent. The U.S. strength is in chocolate for the retail sector. Imports grew 46 percent in 2013.</li> </ul>
Food Preparations (HS 210690)	N/A	14,339 MT (\$131 million)	16 percent	0 percent	<ul style="list-style-type: none"> <li>- Local production is strong. Alicorp is the main competitor. Foreign companies are present in Peru.</li> <li>- Chile is the major supplier, 33 percent.</li> </ul>	<ul style="list-style-type: none"> <li>- United States is the second largest supplier and holds 18 percent of market share.</li> <li>- In 2013 imports grew 18 percent.</li> </ul>
Prime and Choice Beef (HS 020230)	Total Beef and offal market: 283,596 MT	1,283 MT (\$7.3 million)	16 percent	0 percent	<ul style="list-style-type: none"> <li>- Competition with quality beef cuts from Colombia, Argentina, Uruguay, Brazil, and Bolivia.</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers' increased purchasing power is driving demand for high quality U.S. beef.</li> <li>- Imports from the United States grew 155 percent in 2013 compared to 2012.</li> </ul>
Edible Beef Offal (liver) (HS 020622)	10,000 MT	3,924 MT (\$6.9 million)	26.3 percent	0 percent	Local production covers most of the market size.	<ul style="list-style-type: none"> <li>- The United States holds 97 percent of import market. Imports grew 30 percent in 2013.</li> </ul>
Fruit & Vegetable Juices (HS 2009)	N/A	14,299 hl (\$3.7 million)	30 percent	0 percent	<ul style="list-style-type: none"> <li>- Brazil is the major supplier with a 2013 import market share of 38 percent.</li> </ul>	Imports have grown 46 percent in respect to 2013.
Pet Foods (HS 230910)	45,000 MT	12,125 MT (\$14.9 million)	18 percent	0 percent	<ul style="list-style-type: none"> <li>- Growing local pet industry.</li> <li>- Informal industry.</li> <li>- Major competitors: Colombia (37 percent) and Argentina (36 percent).</li> </ul>	<ul style="list-style-type: none"> <li>- The United States holds a 20 percent import market share.</li> </ul>
Turkey (HS 020727)	13,000 MT	3,175 MT (\$6.5 million)	22 percent	5 percent	<ul style="list-style-type: none"> <li>- Major exporters are Brazil (48 percent) and Chile (41 percent) followed by the United States with 11 percent.</li> <li>- Local poultry industry is strong.</li> </ul>	<ul style="list-style-type: none"> <li>- Peruvians are major consumers of turkey during the Christmas and New Year's holidays.</li> <li>- The food retail sector is growing in Lima and in the interior.</li> <li>- USAPEEC has initiated a market penetration plan.</li> </ul>
Poultry Meat Cuts (HS 020714)	98,000 MT	9,208 MT (\$8.6 million)	54 percent	TRQ: 15,117 MT	<ul style="list-style-type: none"> <li>- Strong local competition.</li> <li>- Frozen</li> </ul>	<ul style="list-style-type: none"> <li>- Peru is a major poultry consumer.</li> <li>- TRQ: 6 percent</li> </ul>



		million)		0 percent	presentation is not common	increase per annum. Only 15 percent of TRQ is being utilized.
Bread, pastry, cookies (HS 1905)	N/A	3,841 MT (\$10.1 million)	21.percent	0 percent	- Colombia with a 32 percent import market share is the main supplier. - Strong local competition.	- United States holds 13 percent of import market share. HS 190590 represents 80 percent of total imports.
Soups & Broths (HS 2104)	N/A	1,353 MT (\$3.2 million)	21 percent	0 percent	- Strong local competition.	- United States grew 12 percent in 2013 and is the major import supplier in this category holding 33 percent of import market share
Sauces (HS 2103)	N/A	6,597 MT (\$12.7 million)	19 percent,	0 percent	- Strong local competition.	- United States grew 48 percent in 2013 and is the major import supplier in this category, holding 36 percent of import market share
Nuts and almonds (HS 0802)	N/A	479 MT (\$2.8 million)	46 percent	0 percent	- Chile is very competitive in almonds and walnuts production. Last year was major supplier holding 52 percent of market share.	- Importers recognize that U.S. quality of nuts and almonds is better than competitors.
Wine (HS 2204)	41 million liters	18.8 million liters (\$32 million)	17 percent	0 percent	- Argentina (44 percent), Chile (28 percent), and Spain (12 percent) are major exporters. - Only regular wine consumers recognize U.S. wine quality. - Small niche market for U.S. wines	- There is a niche market for quality wines for which the United States can be appreciated and price competitive. - Peru's wine consumption is growing. Right now is above 1.3 liters. - Import volume has grown 120 percent in respect 2012. However, value only grew 28. Low cost wines are gaining territory.

Note: HS = Harmonized Tariff System. TRQ = Tariff Rate Quota, on a first-come first-serve basis.

Sources: World Trade Atlas, FAS Lima office research, Office of the U.S. Trade Representative (USTR), Ministry of Agriculture, Gestion and El Comercio (Peru) Newspapers

#### Category B: Products Not Present in Significant Quantities, but which have good sales Potential:

Product/ Product	2013 est.	2013 Imports	2008-13 Average	Import Tariff	Key Constraints Over Market Development	Market Attractiveness for the U.S.
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Category	Market Size		Annual Import Growth	Rate		
Peaches, cherries and Nectarines (HS 0809)	8,500MT	4,379 MT (\$4.4 million)	25 percent	0 percent	- Neighboring Chile has a 99 percent import market share.	- Importers are interested in U.S. peaches and nectarines. - Duty free access for this category.
Apples and Pears (HS 0808)	75,000 MT	58,607 MT (\$54 million)	15 percent	0 percent	- Neighboring Chile has an 87 percent import market share.	- Export window opportunity: Nov-Feb. - Recognized quality of U.S. apples and pears.
Grapes, Raisins (HS 080620)	8,900 MT	5,876 MT (\$16 million)	13 percent	0 percent	- Neighboring Chile has a 95 percent import market share.	- Export window opportunity: Sept-Dec.
Citrus (HS 0805)	120,000 MT	4,027 MT \$4.3 million	56 percent	0 percent	- Neighboring Chile with a 5 percent import market share is the second major supplier. - Strong local competition.	- United States holds 95 percent of import market - Recognized quality of U.S. oranges and tangerines. - Export window opportunity: Jan-March.
Pork Meat (HS 0203)	160,000 MT	4,608 MT (\$13 million)	52 percent	5 percent	- Peruvians are not used to eating pork. - Strong local competition; production level of 100,000 MT. - Major poultry local producers are also pork producers. - Neighboring Chile has an 88 percent import market share.	- Pork imports are growing. - U.S. pork benefit from PTPA implementation. - Beef importers can also import pork. Best quality and competitive prices. - USMEF representative for the region.
Sausages (HS 1601)	18,000 MT	387 MT (\$1.7 million)	14 percent	0 percent	- Neighboring Chile with a 18 percent import market share is the main supplier - Strong local competition.	- High-end gourmet offers best possibilities for U.S. product. - The United States holds a 47 percent of import market share - Fast food restaurants are the main channel.
Ham, processed HS 160241	115 MT	93 MT (\$1.2 million)	31 percent	3.6 percent	- Competitors: Italy (46 percent) and Spain (37 percent).	- High-end gourmet offers best possibilities for U.S. product
Beer (HS 2203)	200 MM liters	9.5 million liters (\$8.5 million)	25 percent	0 percent	- Strong local competition. - Local breweries produce and import new brands. - Brazil with a 50 percent import market share is the main supplier.	- Niche market for U.S. premium beers. - Per capita consumption increasing to 40 liters. - Duty free entrance. - Few U.S. brands.

Note: TRQ = Tariff Rate Quota, on a first-come first-serve basis.

Sources: World Trade Atlas, FAS Lima office research, Office of the U.S. Trade Representative (USTR), Ministry of Agriculture, Gestion and El Comercio (Peru) Newspapers.

### Category C: Products not Present Because They Face Significant Barriers

None.

## **SECTION V. POST CONTACTS AND FURTHER INFORMATION**

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